

FOR INFORMATION

BM.06/DOC.02: REPORT OF THE EXECUTIVE DIRECTOR

INTRODUCTION

1. The 14 papers presented at this Board meeting describe an organisation with momentum that is delivering results, agile, holding itself accountable to the highest standards, and demonstrating potential to achieve its ambitious goals.
2. These current achievements should not be taken for granted, and neither should future success. First, the organisation has had to deal with the growing pains of a small organisation expanding out of its pilot phase. These have ranged from expectations out of proportion with the organisation's size and funding base; stress testing policies and processes as they become operational; and maintaining an innovative organisational culture.
3. Second, GCERF has established itself as the global fund for preventing violent extremism ("PVE") at exactly the time when the countering/preventing violent extremism ("C/PVE") agenda has been challenged, in certain countries, as a result of an ongoing lack of coordination at the international level, and by critics who question its conceptual basis, originality, risk of political bias, implications for human rights and civil society, and ability to deliver.¹
4. Third, GCERF has matured and performed despite the two challenges alerted to the Board in December 2016 still not having been adequately addressed. The first is that the financial viability of the organisation remains uncertain. The second is that neither the quantity nor quality of funding currently made available to GCERF allows it to realise its potential as a source of sustainable and strategic funding.

DELIVERING RESULTS

5. The first substantive papers for discussion after this report demonstrate how GCERF is delivering results (BM.06 DOC 03 and DOC 04). GCERF started issuing grants in Bangladesh, Mali and Nigeria in the second half of 2016 (notably only 18 months after its inception), and has already committed over USD 10 million to projects. These have already reached 85,000 people, including 6,000 'influencers' such as community and religious leaders and government officials with the potential to catalyse change. Across the portfolio, financial disbursements to grantees are at 22.5 percent of the total committed, and about 16 percent of the people intended to be reached have been so far.
6. Baseline studies, surveying almost 8,000 people, have begun to develop data on the local causes and consequences of violent extremism. They demonstrate a tolerance for violent extremism (between 5-15 percent of those surveyed) that is especially unnerving as its focus on prevention means that GCERF is not always working in those areas most immediately affected; high levels of awareness and experience of violent extremism but low levels of understanding of

¹ <https://www.lawfareblog.com/it-all-over-cve>

how to respond; that insecurity, increasing poverty, and displacement are direct consequences of violent extremism; and that the youth are the most vulnerable to violent extremist agendas.

7. In response, the types of projects already launched with GCERF funding include awareness-raising and information events; community-focused events promoting peace, dialogue and critical thinking; inter-faith, inter-community, and inter-generational dialogue events; vocational training; training-of-trainers; income-generating activities; and the formation of youth groups. Over 80 percent of the population reached so far are youth.

8. Alternative assessments of project implementation provide further evidence that GCERF is beginning to achieve its intended results. First, it is noteworthy that GCERF's implementing partners have been able to mobilise and engage with local communities quite quickly, demonstrating their credibility and access, and as an extension the effectiveness of GCERF's rigorous selection, due diligence and capacity-building efforts. Second, the very fact that significant numbers (especially youth) have participated in events demonstrates a willingness within the focus communities to address violent extremism, and considerable effort has been undertaken to lift barriers to participation, especially for women and girls, for example through the establishment of women's cooperatives. Third, Principal Recipients ("PRs") of GCERF funding have helped build the implementation capabilities of Sub Recipients ("SRs"), for example through training in communication, conflict management and reporting. Fourth, most PRs have made concerted efforts to coordinate with government authorities.

9. Taken together these early results indicate that GCERF funding is responding in the right way to the right challenges in the right communities; beginning to build lasting local capacity; helping engage local communities with national authorities; and establishing a basis for organic replication. A monitoring and evaluation approach that is now being developed and tested at GCERF will enhance reporting on results along the chain from outputs to outcomes and impacts.

10. A second round of investments in Mali and Bangladesh and new investments in Kenya and Kosovo will extend GCERF's reach and results; while further funding will enable a new round of investments in Mali and Nigeria and a potential expansion to Myanmar.

AGILITY

11. Agility is a critical hallmark of a successful organisation, and at the end of its pilot phase GCERF continues to adapt its policies and procedures to enhance performance.

12. As part of an ongoing commitment to review and improve its Core Funding Mechanism ("CFM"), GCERF has initiated a review of its Country Support Mechanism ("CSMs") (BM.06 DOC 05). As unique nationally-convened PVE-related committees of relevant government departments and agencies, along with representatives of civil society, the private sector, and the international community including donors and international organisations, the establishment of CSMs has regularly been highlighted as an important early achievement by GCERF. Besides being a critical component of GCERF's CFM, CSMs have also begun to play a wider role in coordinating the funding of PVE-initiatives in several countries where they have been established, and have the potential also to support the development and implementation of national and local action plans.

13. A very initial review of CSMs indicates that they are fulfilling their key responsibilities and functions; and that membership diversity is adequate although female participation is lower than desirable. Equally challenges have been identified, including the representation of different constituencies on the CSMs; the relationship and interaction between CSMs and the Independent Review Panel (“IRP”); the support provided to CSMs; and the role of CSMs after grant agreements have been signed. A full review will be undertaken for the remainder of this year and reported to the Board at its December 2017 meeting, focusing on establishment, composition and member selection; responsibilities and functions; conflicts of interest and transparency; CSM capabilities; and relevance and alignment in the national context.

14. In addition to its Core Funding Mechanism, GCERF also established an Accelerated Funding Mechanism (“AFM”) at its first Board meeting. This has remained dormant until two recent grants have specifically engaged this mechanism for grant-making in Bangladesh and Kenya (in the latter case intended to leverage private sector support). A further Board paper (BM.06 DOC.06) revises the AFM initially (and preliminarily) conceived in 2014, in order to enable it to deliver the current grants. The AFM will also enhance GCERF’s overall performance, by providing a flexible and responsive complementary funding stream, supporting the customisation of GCERF’s approach to local contexts; providing more direct accountability to GCERF’s beneficiary and donor countries; and further facilitating resource mobilisation efforts.

15. Agility is also demonstrated in the next Board paper (BM.06 DOC.07) which presents the Kosovo National Application for Board approval. Funding was initially approved by the Board for projects in one specific geographical location in Kosovo (the Municipality of Kacanik in the District of Ferizaj). By the time applications were submitted, however, donor investment in Kacanik had increased significantly, and this geographical focus was no longer fully aligned with Kosovo’s new PVE action plan. In response the Kosovo CSM requested a revision to the scope of the geographical focus for GCERF funding in Kosovo to extend to additional Districts. The Board paper presents the revised and reduced National Application for funding in Kacanik, and a new call for proposals will now be launched in the new Districts, to generate a second National Application.

16. Changing policy contexts, donor priorities, and even threat levels may occasionally in the future necessitate similar revisions after Board approval of priority populations, geographical locations and drivers of radicalisation to violent extremism; and the development of GCERF country strategies will provide a more systematic means to respond.

ACCOUNTABLE TO THE HIGHEST STANDARDS

17. A series of other papers presented to this Board meeting demonstrate how GCERF is holding itself accountable to the highest standards, as should be expected of a global fund.

18. BM.06 DOC.08 presents the 2016 Financial Statements and reports the intention of the External Auditor to express an unqualified opinion on them, confirming that they are in accordance with International Financial Reporting Standards and comply with Swiss law and GCERF’s statutes.

19. Robust governance is manifest in the character of these Board meetings themselves, and reinforced at this particular meeting by an Executive Session considering the results of a Board self-assessment exercise (BM.06 DOC.11), and an evaluation of the performance of the Executive Director and Board Chair. The report of the GCERF Ethics Committee (BM.06 DOC.13) raises no issues; and GCERF's annual report to the Swiss Supervisory Authority (BM.06 DOC.14) is tabled for Board approval before submission to the Authority.

REALISING POTENTIAL

20. While early results, adaptability and high standards may demonstrate a healthy organisation, a strategy is required to create a vision and clear direction for the organisation, elaborate a clear understanding of the organisation's niche and its core competencies in order to deliver best performance; and guide longer-term growth in a changing and complex environment.

21. In response, a six-month and highly consultative process has evolved GCERF's Strategy to Engage Communities and Address the Drivers of Violent Extremism (2017-2020) (BM.06 DOC.12). The strategy explains GCERF's purpose, principles, priorities (vision and mission, goals, approach, strategic enablers) and path forward (milestones, funding requirements, countries of operation, areas of performance assessment and reporting, structure and governance, funding mechanisms, and risk and risk mitigation).

22. The strategy is tabled for Board approval, after which the Secretariat will develop a detailed implementation plan including a corporate management plan, a revised resource mobilisation strategy, a communications strategy, and a partnership strategy.

23. The strategy is however also tabled for Board ownership and support. Specifically, the Secretariat looks to its Board to ensure the continued relevance of the strategy and support its implementation, including through resource mobilisation, advocacy, in-country partnership, technical support, and performance oversight.

24. Two final papers presented to this Board also pertain directly to GCERF's ability to realise its potential. BM.06 DOC.09 presents an overview of financial matters and more information on the current human resources plan. It demonstrates the frailty of GCERF's current financial situation – current projections for grant commitments in 2017 are half those approved and there is currently a shortfall of about USD 500,000 against the approved operating costs budget. A direct request is made for Board support to launch an IT roadmap.

25. The paper also emphasises the challenges confronting GCERF relating to the novelty of the PVE field, the inherent challenges of being a young organisation as well as multi-stakeholder funding mechanism, and the challenging political and security environment in which GCERF operates. While making and managing grants is always labour-intensive, this is particularly so for an organisation working with grantees for the first time, with local NGOs that often lack capacity, with consortia that add complexity to oversight processes, and adopting a 'bottom-up' approach to grant-making in a new and untested field. Investment, in particular in human resources, is required to lift these barriers to performance. In response, and as detailed in BM.06 DOC.10,

GCERF continues to prioritise resource mobilisation efforts, and looks to its Board to continue to support these efforts.

ANNEX 1: UPDATE ON SECRETARIAT ACTIVITIES

1. PURPOSE

- The purpose of this short annex to the Report of the Executive Director is to provide the Board with an update on Secretariat activities since the last face-to-face Board meeting from 13-14 December 2017. This update follows the same structure as previous reports of the Executive Director, allowing progress to be mapped across governance, resource mobilisation, operations, communications, finance, human resources, and administration.

2. GOVERNANCE

- Both Mr Daniel Frank and Ms Noor Ibrahim Al-Sada have agreed to extend their membership to the Ethics Committee. The third member of the committee, Mr Anton du Plessis has resigned as he has taken on a new role.
- First Board Self-Assessment has been completed.

3. RESOURCE MOBILISATION

- As of the end of May 2017, total financial contributions received reached USD 37.7m (including in-kind contributions). Additional pledges and confirmed funding since the beginning of 2017 amount to USD 9.1m.
- Contacts were made with potential new government donors include Belgium, Denmark, Finland, Italy, Korea, Spain, Sweden and United Arab Emirates (U.A.E).
- Facilitated a grant partnership between Microsoft Philanthropies and the Principal Recipients (PR) in Nigeria to offer free training and software licenses (or software upgrades) for Nigerian PRs.

4. OPERATIONS

- GCERF is currently supporting a total of 15 agreements with Principal Recipients (PRs) in Bangladesh, Mali and Nigeria.
- Project implementation has reached and engaged more than 85,000 people across Bangladesh, Mali and Nigeria as of 31 March 2017. Youth represent 83% of this total number.
- All 12 baselines were conducted between November 2016 and February 2017. In total, 7,683 people responded to surveys, participated in focus group discussions or in semi-structured and key informant interviews. More than half (54%) of the respondents were female.
- Appointment of a Senior Performance Monitoring and Evaluation Advisor in April 2017, the Secretariat has more actively engaged in a number of international fora and meetings on the subject of M&E for PVE and initiated some M&E activities, such as the CSM Assessment Framework.

- Grant management activities with a specific focus on the monitoring of initial grant implementation in relation to the first round of funding under the CFM in Bangladesh, Mali and Nigeria.
- Finalised and signed grant agreements with three Principal Recipients for the second round of funding in Mali.
- Supported grant development and preparation of a National Application for a first round of funding in Kosovo for consideration by the Board.
- Launched grant making under the Core Funding Mechanism and Accelerated Funding Mechanism in Kenya, and prepared for the launch of the Accelerated Funding Mechanism in Bangladesh and Kenya.
- Initiated CSM review process. Preliminary CSM assessments reveal they are fulfilling their key responsibilities and functions. Membership diversity is adequate; though female participation is lower than desirable. Areas for more in-depth review include the lack of conflict of interest policies and communication strategies, inconsistency in taking and sharing minutes, and the role of CSM in national PVE consultations.
- Continued to explore options for GCERF engagement in Myanmar.

COMMUNICATIONS/EXTERNAL RELATIONS

- Organisation of an external event 'How Philanthropy and Enterprise can Collaborate to Prevent Violent Extremism' hosted by the Swiss Consul General in New York involving approximately 50 foundation and private sector representatives.
- Organisation of a high-level meeting at the World Economic Forum annual meeting in Davos with the Tony Elumelu Foundation to explore how bolstering entrepreneurship in Africa can serve as a means to build resilience at the local level and promote peaceful alternatives that allow men, women, and business to flourish.
- Presentation and briefings to the Eleventh GCTF Coordinating Committee Meeting.
- Regular website updates and social media engagement, including increases in the number of followers on GCERF's Twitter account.

FINANCE

- Audit of 2016 financial statements completed.
- Conclusion of agreement with audit firm (Moore Stephens plc) to conduct financial examinations of grantees.
- Board approval of document on internal control system.
- Continuous development/improvement of processes and tools.

OTHER COMPLIANCE

- Milestones on the "fighting fraud" one-year project achieved.
- Initial steps on the "anti-terrorism measures" project have been initiated.

HUMAN RESOURCES

- Annual performance assessments for 2016 completed.
- Performance objectives for 2017 set using the new performance planning tool.
- Recruitment and onboarding completed for 16 new staff members and interns.
- Organisational values used in HR management now defined.
- Tender for compensation survey underway.
- Continuous development/improvement of guidance, processes and tools.

ADMINISTRATION

- Finalisation of the IT Roadmap and planning for implementation underway.
- Tender for legal advisory services underway.
- The External Relations team moved to an office on a different floor.
- Insurance coverage and assistance contracts reviewed and extended.
- Travel and procurement regulations updated.